

Highlights in the Foreign Exchange Market:

- US inflation rose at its slowest pace in the nine months to November according to the US labor department. As fuel and energy costs fell, headline consumer price growth slowed to 2.2%, down from the 2.5% recorded in October. Core inflation, a figure of greater interest to the Federal Reserve, rose 2.2% from the 2.1% in the previous month. Following a surge in prices earlier this year, the latest data suggests price pressures are easing. Meanwhile, the spread between the 2-year and 10-year treasuries have narrowed, signaling an economic slowdown might be ahead. The challenge now facing the Federal Reserve is balancing global risks against a resilient performance of the domestic US economy. Investor confidence is currently hit by a range of global pressures such as the possibility of a hard Brexit from the EU and increasing US trade tensions with China. The US economy grew at an annualized 3.5% pace in the third quarter, while unemployment continued to hover at its slowest pace since the late 1960's at 3.7%.
- The European Central Bank announced on Thursday that it would end its 2.6 trillion euro bond-buying program which began in 2015. The bank will now be left with more traditional tools to manage its economy, primarily interest rate modifications. The decision was reached unanimously by the ECB governing council, ending four years of bond purchases at a time when growth is uncertain. Eurozone data has generally been undesirable for most of 2018, with forward looking surveys such as purchasing managers' indices, consumer and business confidence continuing to slide since the summer. Looking at GDP, data reveals a deceleration for 2018 as growth was recorded at a four year low of 0.2% for the third quarter of the year. The euro fell 0.3% against the US dollar in the aftermath of the decision, and ended the week at the 1.1307 level.

EUR/USD
3-Month Performance



US Core CPI
3-Year Performance %



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1115	1.1215	1.1307	1.1410	1.1505
GBP	1.2375	1.2470	1.2583	1.2685	1.2775
JPY	111.40	112.35	113.37	114.40	115.35
CHF	0.9775	0.9875	0.9976	1.0070	1.0175

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1307	(5.75)	EUR/GBP	0.8982	1.10
GBP/USD	1.2583	(6.86)	GBP/JPY	142.66	(6.21)
USD/JPY	113.37	0.62	EUR/JPY	128.16	(5.19)
USD/CHF	0.9976	2.39	EUR/CHF	1.1280	(3.50)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1266 level during Friday's trading session and closed for the week at 1.1307. EUR/USD Support is at (1.1215-1.1255) any break below would take the pair to 1.1070. Short term outlook is neutral. However, if the pair breaks the low of the year 1.1213 level it will turn bearish.

GBP/USD: The pair moved down to the 1.2527 level during Friday's trading session and closed for the week at 1.2583. GBP/USD Support is at (1.2470-1.2520) any break below would take the pair to 1.2375. Short term outlook is Bearish. However, if the pair breaks above the 1.2685 level it will turn neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.38	1.88	2.13	2.38	2.63
USD	2.28	2.46	2.80	2.90	3.10
EUR	-0.43	-0.41	-0.36	-0.32	-0.21
GBP	0.71	0.73	0.90	1.03	1.16
CHF	-0.80	-0.82	-0.73	-0.65	-0.52
AUD	1.75	2.43	2.30	2.30	2.35

Economic Events

Date	Country	Event	Actual	Forecast	Previous
19-Dec-18	GBP	CPI y/y		2.3%	2.4%
19-Dec-18	CAD	CPI m/m		-0.1%	0.3%
19-Dec-18	USD	FOMC Statement			
19-Dec-18	USD	Federal Funds Rate		<2.5%	<2.25%
19-Dec-18	NZD	GDP q/q		0.6%	1.0%
19-Dec-18	JPY	BOJ Policy Rate		-0.10%	-0.10%
20-Dec-18	GBP	Retail Sales m/m		0.3%	-0.5%
20-Dec-18	GBP	Monetary Policy Summary			
21-Dec-18	GBP	Current Account		-22.2Bn	-2.03Bn
21-Dec-18	USD	Final GDP q/q		3.5%	3.5%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.66	2.74	2.73	2.89	3.15
Germany	-0.67	-0.61	-0.28	0.25	0.89
United Kingdom	0.74	0.73	0.87	1.25	1.80
Japan	-0.19	-0.16	-0.14	0.02	0.77

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	59.48	(0.72)	Dow Jones	24,100.51	(2.02)
Brent	58.50	(0.03)	Nikkei 225	21,374.83	(2.02)
West Texas	51.21	(0.19)	S&P 500	2,599.95	(1.91)
Gold	1,238.12	(0.32)	KuwaitSE	5,158.59	(0.90)

Global Indices

All information has been sourced from Reuters.

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For further information or discussion, please contact the Treasury Services Desk on TSD_LIST@NBK.COM or +965 2221 6603 (TELEX : 46811 - FAX +965 2241 9720).